

services for criminal justice purposes; to the Committee on the Judiciary.

By Mr. ROTH (for himself, Mr. SMITH of New Hampshire, Mr. LEVIN, and Mr. SCHUMER):

S. 1197. A bill to prohibit the importation of products made with dog or cat fur, to prohibit the sale, manufacture, offer for sale, transportation, and distribution of products made with dog or cat fur in the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. SHELBY (for himself, Mr. BOND, and Mr. LOTT):

S. 1198. A bill to amend chapter 8 of title 5, United States Code, to provide for a report by the General Accounting Office to Congress on agency regulatory actions, and for other purposes; to the Committee on Governmental Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SMITH of New Hampshire (for himself, Mr. MCCONNELL, Mrs. FEINSTEIN, and Mr. HELMS):

S. Res. 113. A resolution to amend the Standing Rules of the Senate to require that the Pledge of Allegiance to the Flag of the United States be recited at the commencement of the daily session of the Senate; to the Committee on Rules and Administration.

By Mr. HATCH (for himself, Mrs. BOXER, Mr. BOND, Mr. SCHUMER, Mr. DEWINE, Mr. BIDEN, Mr. WARNER, Mr. DASCHLE, Mr. CRAPO, Mr. HOLLINGS, Mr. BENNETT, Mr. KERRY, Mr. SMITH of Oregon, Mr. LAUTENBERG, Mr. FITZGERALD, Mrs. MURRAY, Ms. SNOWE, Mr. ROBB, Mr. MACK, Mr. TORRICELLI, Mr. ABRAHAM, Mr. WELLSTONE, Mr. BURNS, Mr. CLELAND, Mrs. HUTCHISON, Mr. DODD, Mr. SPECTER, Mr. DURBIN, Mr. CAMPBELL, Mr. EDWARDS, Mr. FRIST, Mr. INOUE, Mr. GORTON, Mrs. FEINSTEIN, Mr. LOTT, Mr. REID, Mr. ASHCROFT, Mr. GRAHAM, Mr. COCHRAN, Mr. JOHNSON, Mr. JEFFORDS, Mr. KERREY, Mr. CHAFEE, Ms. MIKULSKI, Mr. GRASSLEY, Mr. BAYH, Mr. CRAIG, Mr. REED, Mr. NICKLES, and Mr. KOHL):

S. Res. 114. A resolution designating June 22, 1999, as "National Pediatric AIDS Awareness Day"; to the Committee on the Judiciary.

By Mr. ABRAHAM:

S. Con. Res. 38. A concurrent resolution expressing the sense of Congress that the Bureau of the Census should include in the 2000 decennial census all citizens of the United States residing abroad; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. COLLINS (for herself, Mr. CLELAND, and Mr. GREGG):

S. 1189. A bill to allow Federal securities enforcement actions to be predicated on State securities enforcement actions, to prevent migration of rogue securities brokers between and among financial services industries, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

MICROCAP FRAUD PREVENTION ACT OF 1999

Ms. COLLINS. Mr. President, today I am introducing the Microcap Fraud

Prevention Act of 1999 which will equip Federal law enforcement authorities with new tools to prosecute the fight against microcap securities fraud that costs unwary investors an estimated \$6 billion annually.

While cold-calling families at dinner-time and high-pressure sales remain a favorite tactic of microcap con artists, the Internet is providing a new and inviting frontier for the commission of microcap frauds. I find it particularly disturbing that despite the best efforts of regulatory authorities, microcap scam artists often commit repeat offenses. Similarly, under current law, persons barred from other segments of the financial industry, such as banking or insurance, can easily bring their deceptive practices into our securities markets.

I am very pleased to have the cosponsorship of two of my distinguished colleagues in introducing this important legislation. Senator CLELAND and Senator GREGG are united with me in a commitment to ensure that security regulators have the necessary authority to crack down on securities fraud. Senator CLELAND has a longstanding interest in protecting investors from securities scams. Senator GREGG also has been a leader in this arena in his position as the chairman of the subcommittee with jurisdiction over the SEC's budgets.

In drafting this legislation, I was also pleased to have the invaluable assistance of the Securities and Exchange Commission and the North American Securities Administrators Association which represents State securities regulators. In fact, Richard H. Walker, the SEC's Director of Enforcement, and Peter C. Hildreth, the President of NASAA, have submitted letters endorsing my legislation. I ask unanimous consent that these letters be printed in the RECORD following my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Ms. COLLINS. Mr. President, the Collins-Cleland-Gregg legislation is the product of hearings of the Permanent Subcommittee on Investigations which I chair. We first started looking at this issue in 1997 and held our first hearing in September of that year. Those hearings revealed that microcap securities fraud is pervasive, so much so that regulators estimated that it cost investors \$6 billion in losses annually, according to an article in the Wall Street Journal.

The damage from these microcap scams, however, is not confined to investor losses. They also damage the reputation of legitimate small companies and limit their ability to raise capital through the securities markets. Ironically, the strong performance of the securities markets over the past several years has provided an ideal breeding ground for these microcap scams as more and more Americans invest in stocks. In fact, according to the SEC, in 1980, only 1 in 18 individual

Americans participated in the securities markets. Today, 1 in 3 Americans participate in the securities markets. There has been a tremendous growth in more and more American households investing in equities.

In a typical microcap fraud, an unscrupulous broker, often acting through an intermediary, purchases large blocks of shares in a small company with dubious business and financial prospects. The company stock may be nearly worthless, but the brokers repeatedly cold call customers, promise glowing returns and drive up the stock through high-pressure sales tactics. Inevitably, after the manipulators sell their shares at a profit, the artificially inflated price plummets, leaving thousands of unsophisticated investors with worthless stock and heavy losses. The manipulators then count their ill-gotten gains and move on to their next target.

The subcommittee's investigation demonstrated that the rapid growth of the Internet has also provided a new frontier for the commission of microcap securities frauds. At hearings held by the subcommittee last March, expert witnesses testified that while the Internet provides many, many benefits to online investors, such as lower trading costs and a wealth of investment information, the medium is inviting to con men as well.

Specifically, the Internet makes it easier and cheaper for microcap scam artists to contact potential victims and to perpetrate pump-and-dump schemes or related securities frauds. Rather than having to cold call potential victims one at a time, con men with home computers and Internet access can reach millions of potential investors with the click of a mouse. At a very low cost, these cybercrooks can deceive many more victims using professionally designed web sites, online financial newsletters or bulk e-mail. SEC officials testified that the agency now receives hundreds of e-mail complaints per day, an estimated 70 percent of which involve potential Internet securities frauds.

For example, a constituent of mine from Ellsworth, ME, who appeared at the subcommittee's hearings, testified that he lost more than \$20,000 in a sophisticated Internet securities scam. My constituent has an engineering degree, and he has been investing for nearly 10 years. This demonstrates the potential risk that Internet fraud poses to even experienced investors. Although the SEC has brought charges against the alleged perpetrators of this scam, it is, unfortunately, very unlikely that my constituent will ever be able to recover his losses.

Whether they use cold calls, the Internet, or both, microcap scam artists rarely strike only once. The subcommittee's investigations have found that when regulators close down one microcap scam, often after very lengthy proceedings, it is very common